

# Selling Food Online

## E-commerce - expanding market options

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### Overview of the current Canadian trends in e-commerce

E-commerce is the activity of businesses and individuals buying and selling products or services on the internet and is referred to here as the online market.

A segment of e-commerce, online food shopping, has seen improved options across Canada in recent years, providing an extension to the physical marketplace for both the seller and the shopper.

E-commerce sales doubled in 2020, with a 110.8% increase over May 2019<sup>1</sup>. Statistics Canada reports retail e-commerce sales reached a record \$3.9 billion in May 2020, a 2.3% increase over April 2020 and a 99.3% increase over February (\$2 billion).

This trend has brought the online market channel into consideration for companies selling food products.

A November 2020 report<sup>2</sup> released by the Dalhousie University Agri-Food Analytics Lab suggests that prior to the COVID-19 pandemic nearly one-third of Canadians ordered their groceries online once a week. The study estimates that 45.4%, about 4.2 million, **more** Canadians are ordering groceries online at least once a week compared to the pre-pandemic situation six months before. Almost half of those surveyed (49.4%) intend to continue to order online when the global pandemic is over.

Varieties of online grocery shopping options are popular. Nearly one-third (31.3%) of Canadians surveyed indicate that they had shopped for groceries using online services over the last six months either for curbside pickup or home delivery. Four per cent ordered farmers' market items online for local delivery. In all, the study indicates that 63.8% of Canadians have purchased groceries online in some capacity since March 2020.

There are several reasons for the surge in interest in online food purchasing. Convenience is the most popular reason followed by health and safety concerns, and providing an essential service for communities.

However, there are critical success factors for selling into the online market that are further explored in this document, including: understanding the market, developing your marketing strategy and plan, costs, regulations, product inventory, and packaging and label design.

### Preparing to sell online

Selling food products online has many similarities to selling through brick and mortar stores. Transposing traditional markets to online markets requires you to maintain or even increase many of the same requirements that you already do for the traditional market place.

Be sure to ask your networks and learn from their experiences before entering the online market.

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<sup>1</sup> Consumer Corner: COVID-19 and emerging consumer behavior. Issue 58, August 2020. <https://open.alberta.ca/publications/consumer-corner>

<sup>2</sup> The impact of COVID-19 on the food industry and e-commerce: <https://www.dal.ca/sites/agri-food/research/covid-19-online-food-activity.html>

**Table 1:** Critical success factors for selling

Critical success factors common to all market channels	Additional considerations for selling online
<b>Understand the market.</b>	
<ul style="list-style-type: none"> <li>• What makes your product unique, authentic or different?</li> <li>• What creates value for your customers?</li> <li>• Where will you position your product in the market?</li> <li>• Have you identified your competition?</li> </ul>	<ul style="list-style-type: none"> <li>• Complete your market research to identify specific gaps and demands that identify your online target customer</li> <li>• Establish alliances with other online vendors (sellers) to build market share. For example, Nimble Market or Best of Calgary Foods online shared marketplaces.</li> </ul>
<b>Develop your marketing strategy and plan</b>	
<ul style="list-style-type: none"> <li>• Do you have professional looking marketing tools that drive customers to purchase your products?</li> <li>• Do you have a promotion plan and schedule to feature promotional activities and special events?</li> <li>• Do you have a company website and social media platforms?</li> <li>• Do you have a customer list?</li> <li>• Do you have a plan to deliver service excellence?</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure the online ordering site is viewable on mobile devices and enables shoppers to comparison shop prior to hitting 'buy now'.</li> <li>• Ensure brand messaging is adapted to each online tool or platform.</li> <li>• Initiate customer engagement through food blogs, online coupons, newsletters, etc.</li> <li>• Collecting sales and customer data becomes key to drive sales to specific customer segments and products, as well as being able to satisfy expectations for immediate response and delivery.</li> </ul>
<b>Know your costs</b>	
<ul style="list-style-type: none"> <li>• Put financial resources in place to grow the business.</li> <li>• Calculate variable and fixed costs.</li> <li>• Determine profit margins and prices.</li> </ul>	<ul style="list-style-type: none"> <li>• Be sure to have financial resources in place to establish and grow online sales.</li> <li>• Calculate realistic sales projections and have a pricing structure that supports these projections.</li> </ul>

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**Critical success factors common to all market channels**

**Additional considerations for selling online**

**Know the regulations**

- Follow the regulations that pertain to your food business.

- Check local business registration and zoning limitations.
- Check permits and licensing requirements.

**Manage your product inventory**

- Do you have consistent sources of ingredients and other supplies required to produce your product?
- Do you have available inventory for sales for your markets?

- Real time inventory management is critical for online sales and managing other market channels at the same time.

**Packaging and label design**

- Does the label and packaging meet standard requirements?
- Will your packaging protect your food item from damage or contamination?
- Will your packaging prevent transference of characteristics such as odour?
- Does the label design fit the product and intended market channel?

- For selling online, consider your product – Is it shelf-stable or does it need to be refrigerated or frozen?
- For shipping the product, consider how it is packaged. Will it withstand all conditions, (exposure to heat or humidity, to sunlight or freezing temperatures or other) encountered during storage and transportation between your facility and the consumer.

**Building the online store**

It is important to set up your online store to reflect your business and to create efficiencies in operations. Regardless of the platform you choose, your online store should streamline inventory management, maximize product sales and enhance customer relationships. It should be simple for you to manage and for your customers to make the purchase.

A responsive website is the cornerstone to any online store. Most e-commerce platforms simply incorporate your existing website with the online store or provide you information to set up a simple website if you do not already have a company site. If you hire someone to build your website, make sure both parties understand the needs and requirements to accomplish the build. It is critical that your web or shopping cart designer and technical support service speak plainly and not use technical jargon.

**E-commerce – a market channel to consider!**

Having an existing market presence and brand awareness with your customers before entering e-commerce will make the transition to online easier and seamless.

There are many online store or e-commerce platform options including Shopify, Big Commerce, Woo Commerce, Squarespace, Local Food Marketplace, Wix, Local Line, Weebly and more. They have several characteristics in common. All allow you to create a new online store, customize your storefront with visuals, logos and themes, accept credit card payments, manage inventory and track and respond to orders with a few clicks of the mouse. The key is to start small, go slowly, review the options and pick the one that suits your current business needs and allows for growth.

Analyze the online store platform performance and service annually to make sure it remains a good fit for your business.

Choose the payment options best suited to your target customer, for instance, PayPal, credit card or e-transfer. Offer only secure payment options.

### What is a plug-in?

A plug-in is an additional feature that can add needed functionality to the online store platform at an additional cost. Any feature that does not come standard with the platform is a plug-in.

Expect to pay for what you use. Nothing is free. Some platforms have no startup costs but charge for plug-ins. Plug-ins are necessary and costs can add up quickly. Other options have an upfront charge but offer more features when starting out. In most cases, the actual operating costs are similar so make your decision based on how well the platform fits your technical skills and business goals.

Consider how the programs you use will integrate with the platform. Assess the plug-ins available to ensure the options easily enable you to solve growth challenges (e.g. discounts, shipping coupons, route planning, shipping providers). As you add plug-ins, check online reviews and research how they integrate with each other and your system.

Plan any changes you want well in advance and check that they are working as planned. Get help when you need it. If you cannot talk to the support team quickly and easily, choose another platform.

Test, test and test again to identify the online platform that is best for your business. Find a service you are comfortable using. There are many options. Search until you find the one that fits. When you make your choice, pay the money and run with it. Reassess annually. Your business will change and your online platform needs will too.

#### **Tip: Enable customers to find you online.**

Register your website on search engines to increase your Search Engine Optimization (SEO).

SEO is the practice of increasing the quantity and quality of traffic to your website through free search engine results. Use keywords that connect searching customers to your products. For example boxed beef, organic baby carrots or spicy salsa. Use keywords to optimize each product and product category so customers can easily navigate your site.

Think like your customer. Make it easy for them to find what they need. Build alliances with vendors (other brand sellers) whose products complement yours and appeal to your customers. Link those websites to yours.

Once you have your e-commerce set-up for direct sales you might also want to consider expanding to an e-commerce marketplace such as Amazon, Etsy or eBay. Assess each option carefully before including in your expansion plans as they also have costs and special considerations.

## Conclusion

Online food shopping is here to stay. In today's competitive marketplace it is important to have an online store that works for your business and your customer. Your online store should reflect your business brand while creating operational efficiencies to minimize errors and maximize your profits. The store should be easy for customers to purchase goods and for you to support customer service excellence. Each business is unique and there is no one-size-fits-all online shopping approach. There are many options to choose. Know your goals, do your research, identify the features that you need, and review the options. You will find a platform that suits your business.

## Resources

### Readiness quiz

Take the quiz to see if you are ready to start an online store: <http://bit.ly/are-you-ready-for-an-online-store> and <https://www.deluxe.com/sbrc/websites/ready-start-online-store-take-quiz-find>

**Resources** (blogs, webinars, factsheets, etc.)

Business Link: <https://businesslink.ca/blog/how-to-start-selling-online/>

Local Food Marketplace: A Farmer's Guide to Online Orders: <https://home.localfoodmarketplace.com/resources/>

The E-Commerce Experience, November 18, 2020, Leduc County webinar video: <https://www.youtube.com/watch?v=bFUhr1HuDys>

## Before selling online, consider:

- Is your product suitable for selling online?
- How will you package and distribute it?
- How will you find your customers?
- Can you meet purchase orders in a timely manner?
- Are you prepared to deal with customer support issues?
- What are your sales forecasts?
- How will you process payments securely?
- Will sales cover your online business costs and provide a profit?
- Do you have a backup plan?

### Examples of collaborations' sites

Nimbly Market: <https://Nimblymarket.com/>

Best of Calgary Foods: <https://bestofcalgaryfoods.com/>

### Trend articles

The impact of COVID-19 on the food industry and e-commerce: <https://www.dal.ca/sites/agri-food/research/covid-19-online-food-activity.html>

## For more information

For more information on selling food in Alberta: <https://www.alberta.ca/agri-processing-business-resources.aspx>

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